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FBIS-2011/88  
14 April 1988

MEMORANDUM FOR:  Office of General Counsel

FROM:  Executive Officer, Operations Group, FBIS

SUBJECT: Impact Statement -- Nonpayment of Obligations of  
FBIS Panama Bureau to the Government of Panama

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1. Payments to the Government of Panama in connection with the operation of FBIS Panama Bureau fall into two categories:

a. Payments to Intel, the government-owned telecommunications corporation, for communications services. Bills are issued and paid monthly and average \$19.25K per month.

b. Payments to the Treasury of the Government of Panama of income tax and education tax withholding from local employee salaries and to the local social security administration of both employer and employee contributions. These amount to a total of approximately \$9.5K per biweekly payperiod.

2. Failure to pay the regular monthly bills from Intel for its communications services would have the most immediate and dire impact on the continued operation of Panama Bureau. Because most stations in Central America operate on low-power medium wave transmitters with poor propagation characteristics, direct reception of these sources at the bureau site is impossible. Instead, the bureau is linked by dedicated telephone lines to remote receiving sites in Guatemala, Honduras, El Salvador, and Nicaragua, which relay voice broadcasts and facsimile of local newspapers. Should that telephone service be terminated for failure to pay the monthly bill, all collection of intelligence information by Panama Bureau from the public media of Guatemala, Honduras, El Salvador, and Nicaragua would be halted.

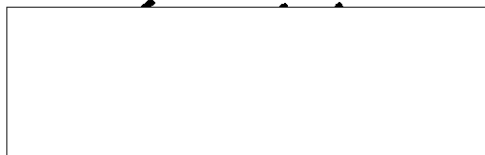
3. In addition, Panama Bureau relies on Intel for backup communications with FBIS Headquarters via commercial telex. In the event of a failure on its primary communications path and cut off of telex services by Intel for non-payment, the bureau would have no way of disseminating information collected even from its remaining sources, which would include Panama itself, Cuba, Colombia, and Venezuela.

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4. The immediate impact of failure to pay Panamanian taxes and social security contributions on behalf of our local employees is not clear. The safety, peace of mind, and morale of these 45 employees, on whom the productiveness of the operation in Panama ultimately depends, is of paramount concern to FBIS management.



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cc: D/M&P/DS&T

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